

**Office of Thrift Supervision**

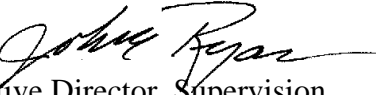
Department of the Treasury

Acting Executive Director, Supervision

1700 G Street, N.W., Washington, DC 20552 • (202) 906-6853

April 30, 1998

MEMORANDUM FOR: Chief Executive Officers

FROM: John E. Ryan 
Acting Executive Director, Supervision

SUBJECT: FFIEC Guidance Concerning Testing for Year 2000
Readiness

The OTS and the other FFIEC agencies recently issued guidance to identify key milestones and testing methods for financial institutions to use to prepare their systems and applications for the Year 2000. A copy of this guidance, which is also available on our web site (www.ots.treas.gov), is attached.

Testing is the most critical phase of the Year 2000 project management process and is likely to account for over half of the financial and staffing resources expended to become compliant. This guidance describes expectations regarding the Year 2000 testing efforts of financial institutions, and identifies key milestones and testing methods to use in preparing your systems and applications for the Year 2000. Testing should take into account the size of your institution, the complexity of operations, the level of business risk exposure to the Year 2000, and your reliance on third parties for computer based products and services. Mission-critical systems should be tested first because of their key role in the operations of your business. It is imperative that you know if service providers and software vendors are able to test mission-critical systems and products and services correctly and on time. We strongly encourage your participation in user groups to coordinate testing efforts.

Through our interactions with financial institutions, we are actively identifying areas needing additional guidance and developing tools to enhance your ability to address Year 2000 issues. We have co-sponsored Year 2000 conferences with the FDIC and America's Community Bankers, and have participated in many regional conferences and user group meetings with thrifts and service providers. To further assist you in your testing efforts, our Northeast Region developed a "Prudent Practices Program" that is posted in the Year 2000 section of our web site. We will continue to work diligently toward providing model approaches to address Year 2000 issues. In this regard, the FFIEC agencies will be issuing guidance on contingency planning and consumer awareness shortly.

We are interested in your questions and concerns regarding your efforts to make your systems Year 2000 ready. Please contact the Year 2000 Coordinator at your regional OTS office; Dorothy Van Cleave, National Year 2000 Coordinator at (202) 906-7380; or Jennifer Dickerson, Manager, Information Systems Examinations at (202) 906-5631 for further assistance.

[Attachments](#)